

**Testimony of Charles D. Baker**  
**President & CEO, Harvard Pilgrim Health Care**  
**U.S. House Committee on Financial Services**  
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For the record, my name is Charles Baker, and I'm the president and CEO of Harvard Pilgrim Health Care, a Massachusetts-based, non-profit health insurance plan licensed to offer and support health insurance solutions to employers and individuals in Massachusetts, Maine and New Hampshire. Overall, Harvard Pilgrim has approximately 1 million members, and over 800,000 members in Massachusetts. We also employ approximately 1,000 people in Massachusetts, and have two main offices here – one in Wellesley, and another in Quincy.

While the plan has been around for almost 40 years, and is no stranger to Massachusetts, I thought it would be worth mentioning that Harvard Pilgrim was recently named by both U.S. News and World Report and JD Power as the #1 health plan in the country for customer satisfaction.

I appreciate the chance to speak before the committee today on the high cost of housing as the CEO of a locally based employer and as a local official. I serve on the Board of Selectmen in the town of Swampscott. And while I wonder about whether our high cost of housing is driven by local and state issues – and not national ones – there is simply no doubt that it

significantly and negatively affects the capacity of this state and this region to provide economic opportunity to its residents.

As a CEO of a health insurance carrier, I have participated in several “cost of doing business” meetings between state officials and CEOs from many important employers in Massachusetts and listened – almost dumbfounded – as the high cost of health care has been eclipsed and forgotten by the high cost of housing. There I was, prepared to take the heat from my fellow employers for playing some small role in creating the highest health care costs in the nation – and I was completely ignored as business leaders pounded on the high cost of housing as their single biggest recruitment and retention issue.

I came away from these sessions and others believing that while our high health care costs are a problem, our high housing costs are a catastrophe. In fact, Harvard Pilgrim’s decision to support MassInc’s recent research on the Massachusetts workforce was based, in part, on my own experience at these meetings. And the research bore out what I’d been hearing – our working age population is shrinking, we aren’t holding onto as many college and high school graduates as we used to, and the high cost of housing has a lot to do with it.

Put another way, I participated in a panel on housing costs about a year ago that was sponsored by a local business organization, and I put this question to the audience, “If any of you had to do it all over again and go out now and buy your first house, how many of you, with the money you made in your late twenties or early thirties, could have forked over the \$500,000 that represents the median price of a house inside Route 128? The answer, not surprisingly, in a room of 500 people or so, was “nobody.”

As a local elected official, I also see the difficulties created by the high cost of housing in this region affecting every sector of the population – young single people, all married couples, older couples, people on fixed incomes – you name it. It is, and has been, for the past several years, the primary issue people discuss with me – with the cost of health care, believe it or not – running a distant second. In fact, when I was asked last fall by a radio talk show host about what issue I thought would dominate the voter’s decisions in the state and local elections this past November, I said the high cost of housing in general, and, in particular, the high property taxes that came with them.

At the time, this was considered odd, since there were very few statewide campaigns that were focusing on this issue. But after the election, several polls and focus groups indicated that the high cost of housing – and

the property taxes that came with it – had, in fact, been a dominant issue in the minds of the voters, even if it wasn't discussed much during the campaign.

In closing, I want to thank Chairman Frank and his Committee for the opportunity – as a local employer and as a local official – to testify before you today on the high cost of housing, and to reiterate my deep concerns about how this issue is affecting the ability of Massachusetts residents and businesses to stay here and prosper.

Thanks very much.